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# Message Text

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55
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00

OPIC-03 LAB-04 SIL-01 AGRE-00 /108 W
---------- 130432
R 031602Z DEC 76
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC 3683
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
USMISSION EC BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
USMISSION OECD PARIS
AMEMBASSY ROME
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM
USMISSION NATO

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E.O.: 11652: N/A
TAGS: EFIN, DA
SUBJ: NEW LOAN FOR DENMARK

REFS: (A) COPENHAGEN 3277, (B) 75 COPENHAGEN 3542

1. IN REF A WE REPORTED THAT A NEW CREDIT TO DENMARK WAS IN THE OFFING. THAT CREDIT, AMOUNTING TO DOLS. 400 MILLION (EURO-DOLLAR LOAN), WAS SIGNED DECEMBER 2 BY THE DANISH MIN-
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ISTER OF FINANCE ON TERMS QUITE SIMILAR TO THOSE OF THE DOLS.

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300 MILLION CREDIT SIGNED IN DECEMBER 1975 (REF B).

2. THE PARTICIPATING BANKS ARE HEADED BY CITICORP INTER-
NATIONAL BANKING LIMITED, WHICH WILL ACT AS AGENT. MANAGERS
AND CO-MANAGERS OF THE LOAN INCLUDE SWISS, BRITISH, DUTCH
WEST GERMAN, JAPANESE, AND U.S. (OTHER THAN CITICORP) BANKS.
3. MAJOR TERMS OF THE NEW CREDIT FOLLOW (COMPARABLE TERMS
FROM THE DECEMBER 1975 LOAN APPEAR IN PARENTHESE):

A. AMOUNT: DOLS. 400 MILLION (DOLS. 300 MILLION).

B. FINAL MATURITY: FIVE YEARS FROM DATE OF EXECUTION (SEVEN
YEARS).

C. DRAWDOWN: WITHIN THREE MONTHS OF DATE OF EXECUTION (THREE
TRANCHES AVAILABLE RESPECTIVELY AT THE END OF 6, 12, AND 18 MONTHS).

D. REPAYMENT: FIVE EQUAL SEMI-ANNUAL INSTALLMENTS BEGINNING AT
THE END OF THE THIRTY-SIXTH MONTHS FROM THE DATE OF EXECUTION
(TEN EQUAL SEMI-ANNUAL INSTALLMENTS BEGINNING 2.5 YEARS AFTER THE
SIGNING OF THE LOAN AGREEMENT).

E. INTEREST RATE: 1 AND 1/4 PERCENT OVER THE 3.6, OR 12 MONTH
LONDON INTERBANK OFFERED RATE (LIOR) (1 AND 3/8 PERCENT OVER THE
LIOR FOR THE NEXT THREE YEARS; AND 1 AND 5/8 PERCENT OVER THE LIOR
FOR THE LAST TWO YEARS).

F. COMMITMENT FEE: 1/2 PERCENT PER ANNUM ON THE UNDRAWN PORTION
OF THE LOAN COMMENCING ON THE DATE OF EXECUTION AND PAYABLE SEMI-
ANNUALLY IN ARREARS (5/8 PERCENT PER ANNUM ON THE UNDRAWN PORTION
OF THE LOAN COMMENCING ON THE DAT OF EXECUTION AND ENDING TWENTY-
FOUR MONTHS AFTER EXECUTION).

4. COMMENT: THE SUCCESSFUL PLACING OF THIS NEW LOAN IS WIDELY
INTERPRETED AS AN INTERNATIONAL AFFIRMATION OF FAITH IN DANISH
CREDITWORTHINESS. THIS INTERPRETATION IS BUTRESSED BY THE FACT
THAT THE LOAN WAS ORIGINALLY CONCEIVED OF AT THE DOLS. 300 MILLION
LEVEL. BY THE TIME THE MANAGERS' AND CO-MANAGERS' PLACEMENT DOCU-
MENT WENT TO PRESS, THE AMOUNT HAD RISEN TO DOLS. 350 MILLION.
SUBSEQUENT DEMAND WAS SUCH THAT THE LOAN FIGURE WAS INCREASED
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TO THE FINAL DOLS. 400 MILLION LEVEL.
DEAN



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NNN

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**Secure:** OPEN
**Status:** NATIVE
**Subject:** NEW LOAN FOR DENMARK
**TAGS:** EFIN, DA
**To:** STATE BONN
**Type:** TE
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006